

MAINE GAMBLING CONTROL BOARD

September 16, 2014

09:00 – 11:00

45 Commerce Drive Suite 3

Augusta, Maine 04333

Meeting opened at 9:00 am

Board members present: Tim Doyle, Chair; Barbara Dresser; Joe Laliberte

Staff present: Office Specialist I Janine Collins, Detective Don Armstrong, Auditor Donald Berrie, Auditor Jill Tobey, Inspector Supervisor Vicki Gardner, Office Assistant II Harley Murray, Executive Director Patrick Fleming.

Legal counsel present: Assistant Attorney General Lauren LaRochelle

Introductions:

The Board introduced themselves followed by introductions of the staff and counsel by Executive Director Fleming.

Review of the minutes 07/15/2014

Motion to accept the minutes as modified, changing Directors report from the first person: Joe Laliberte, Board Member

Seconded: Barbara Dresser, Board Member

Vote: Unanimous

Executive Director Report - Legislature – On Wednesday September 10th the White Sands Gaming presented their report on the study of gaming in Maine to the Veterans and Legal Affairs committee. The report advised that Maine could accommodate at least one more resort casino in southern Maine and possibly a smaller casino in Aroostook or Washington County. If the legislature is going to consider the additional casinos, the report recommends that a competitive bid process be used to determine who gets the license. It was recommended that the licensing process take two tracks, one being the suitability check that is normally performed by this Board and one track being a site suitability check which would be performed by an independent commission whose makeup would be determined at a later date. The report states that when there is a competitive process for a license there is almost always litigation regarding the outcome and with this type of process the litigation would most likely involve the site commission. After the report was presented members of the VLA committee asked questions of the White Sands representatives. The report seemed to be well received by the committee and it appears that they have some direction now on gaming policy. The resolve that commissioned the study allows the committee to meet four more times this fall to determine recommendations for the next legislature. Executive Director Fleming was asked by a reporter shortly after the report came out what the Board felt about the addition of another casino. His response was that the Board does not take positions on the expansion of gaming in Maine but that if it is determined that expansion is warranted the Board has the regulations in place to accommodate the expansion and it would just be a matter of increasing our staffing.

Training – The first week of September Executive Director Fleming attended training at the UNLV Boyd School of Law regarding regulating land based casinos. The training covered many aspects of regulating gambling, from establishing policies and goals, investigations of licensees, and how to handle exclusions. The presenters included regulators, educators, and members of the gaming industry. The class also discussed international as well as virtual gaming. It was interesting to hear what other states and regulators were doing right and what improvements could be made. After listening to what other states are doing and what was recommended Executive Director Fleming felt that Maine is doing a very good job with our regulatory structure. Executive Director Fleming was amazed at what we can do with a part time Board and small staff compared to some other states that have staffs many times larger and full time boards. One of the questions

asked when discussing policies was “are we being prudent in our use of resources and authority?” and Executive Director Fleming thinks that when it comes to this Board the answer is yes.

Detective Armstrong was scheduled to attend training, also at UNLV, regarding criminal activity in casinos later this month. That training was cancelled due to an issue with the presenters. Arrangements had already been made for his travel and lodging but fortunately we received a license request from Global Cash Access in Las Vegas and so Detective Armstrong is going to set up interviews with their key executives for the time frame that he is out there.

Auditor Tobey is scheduled to attend auditor training at UNLV in October. As you may recall she has been scheduled to attend this twice before and had to reschedule. As of today all systems are go for her.

Progressives – A few months ago Executive Director Fleming received a request from the Oxford Casino regarding adding additional progressives in their facility. They wanted to link several machines at three additional banks of machines. In order for Scientific Games to monitor the progressives they would need an additional server for each bank of progressives. The representative of the Oxford Casino was inquiring as to who would be responsible for the costs of the additional servers. Executive Director Fleming reviewed the contract between the Gambling Control Board and Scientific Games and asked AAG LaRochelle to review it as well to see if there were any specifics regarding progressive equipment. After review and further discussion a letter was sent to Scientific Games advising them that it was the Department’s opinion that they were responsible for the equipment. Scientific Games replied that they did not feel they were responsible but they would provide the servers for this instance out of good faith but they reserve the right to challenge any further requests. This resolves the current issues but there might be further discussions needed if it comes up again.

Board Room – Executive Director Fleming has been informed that the server that we use for transmitting the monthly board meetings over the internet is reaching the end of its ability to be used and it will not be replaced. This will leave us and corrections the inability to use this system. Executive Director Fleming has been in contact with OIT and corrections and a solution is being explored. One of the early solutions proposed was using another entity to broadcast the meetings but that solution was very expensive and Executive Director Fleming is not sure it would be worth it for the once a month use of this Board. At some point the Board may have to discuss the benefits of live streaming the meetings versus putting the audio on the website shortly after the meeting is concluded.

Sci Games lab tour – At the request of the chair, Executive Director Fleming made arrangements with Scientific Games to have Steve Zelinski available after this meeting to give a quick tour of the lab across the hall and answer questions for any Board member that is interested.

Financial Update: Auditor Donald Berrie

Due to the cancellation of the August Board meeting, the Board received two monthly financial analysis reports; one containing revenue analysis for the month ended July 31, 2014 and one containing tax revenue analysis for the month ended August 31, 2014.

The first financial report contains tax revenue comparisons for July 2014 compared with July 2013 as well as calendar year-to-date 2014 revenue compared with calendar year-to-date 2013. Total tax revenue for July 2014 declined by \$148,000, or 3% from July 2013. July year-to-date 2014 tax revenue lagged 2013 by \$744,000 or 2%.

The second financial report contains tax revenue comparisons for August 2014 compared with August 2013 as well as calendar year-to-date 2014 revenue compared with calendar year-to-date 2013. Tax revenue for August 2014 increased by \$61,000, or 1% from August 2013. August year-to-date 2014 tax revenue lagged 2013 by \$683,000 or 2%.

With the beginning of fiscal year 2015 in July, auditor Berrie took the liberty of revising the format of the revenue trend chart to incorporate three fiscal years into one trend chart. Each month will have three bars

displaying revenue amounts for fiscal years 2013, 2014 and 2015. While continuing to represent revenue trends throughout the year, this format will put revenue in context with the prior two years.

The distribution of tax revenues is available on the “Revenue Totals” tab of the Gambling Control Board web site.

Slot machine hold compliance is calculated on a quarterly basis. The current quarter runs from July 1 to September 30. Both venues remain in compliance through August 31st.

The Auditors continue to collect and analyze this data on a daily basis and monitor for any corrective action that may be needed.

Audit program

Auditor Tobey and Auditor Berrie have completed the Cage Review at Hollywood Casino. A copy of the audit report is included in the packet provided to the Board. Auditors believe that the Hollywood Cage Area is in compliance. Auditor Toby and Auditor Berrie have begun the Oxford Cage review process by gathering Casino policies and procedures and conducting on-site interviews with cage management staff and revenue audit staff. Auditor Tobey and Auditor Berrie are scheduled to return to Oxford on September 23rd to continue the process and begin testing.

State Police Update –Detective Don Armstrong has been working on renewals and processing new applications; he has processed 78 new applications and 79 are still pending. Detective Armstrong updated the Board on several pending or resolved investigations into misconduct by patrons at the casinos. Detective Armstrong contacted the Secret Service regarding the Board’s counterfeit bill process and having the casinos responsible for completing the report if there are no suspects and sending it to the Secret Service.

Unfinished Business:

Budget Review (Bi-annual): Board was presented the process of how the budget is created with layout of general fund, year to date, and budget for the year and what percentage of the budget has been spent. Director Fleming reviewed change in amount needed for ALMs program as cost of service has risen significantly due to the amount of use in our department. Also, discussion of continuing to explore educational opportunities for Board employees was discussed along with incorporating that into the budget with Director Fleming explaining steps he is taking to secure education options.

Rules Review Chapter 27; Rules of Practice and Procedures of Gaming Conduct

This rule has been presented to the Board in many different forms. Document was presented titled ‘Chapter 27; May 2014 revised.’ Public comment closed at the end of July 2014 and no further public comments were received.

Motion to adopt Chapters 27, the response to comments, and basis statement as presented, Joe Laliberte
Seconded: Barbara Dresser

Vote: Unanimous

New Business: Director Fleming

Renewal application: Director Fleming presented changes to make renewal application less complicated. The section requesting Maine license number would be replaced with MGCB number to decrease likelihood of errors on renewal applications. Also, a change of name/address form will be provided to eliminate need of completing the standard renewal application for name and address changes.

Motion to approve changes to renewal application as presented, Joe Laliberte
Seconded: Barbara Dresser

Vote: Unanimous

Hollywood Casino Promotion: Hollywood Casino would like to run a promotion for the month of October to benefit breast cancer awareness. For this promotion, patrons of the casino would have the option to place their 'TITO' tickets into boxes and all proceeds to be donated to breast cancer awareness.

Motion to allow promotion, Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Scientific Games/Bally Acquisition: Scientific Games will acquire Bally Gaming, as they did WMS earlier this year. Bally Gaming will continue to be the licensee, but its parent company will be Scientific Games. The key executives will remain the same for Bally Gaming. There was no input from the Board at this time and are expected to review further information regarding the acquisition during the October Board meeting.

GTECH/IGT Acquisition: This acquisition is still pending. No change to key executives for IGT is anticipated at this time and their business renewal has been approved. The Board will review the updated investigation information at a later date.

Gambling Control Board Policy #1; Continuity of operations during emergencies: This policy details plans for operation in the event of a shut down. Director Fleming presented to the Board the steps that would be taken by office staff to continue to work if the office was not available such as using laptops and iPads to continue to conduct business. The director to create a separate contingency plan for operation that will not be formatted as a policy.

Motion to repeal policy, Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Gambling Control Board Policy #2; Non-Gambling Policy for Employees: This policy is already stated in the rules and question presented for need of duplication. Assistant Attorney General Lauren LaRochelle suggests keeping it as a policy as it is a more appropriate place as rules are for individuals/entities that the Board regulates rather than its employees. Policy to be re-written and brought back before the Board.

Motion to repeal policy.

Gambling Control Board Policy #3; Record Retention Schedule: This policy refers to the length of time to keep records. The wording focuses more on hard copy rather than electronic records. This presents a problem as the GCB is trying to eliminate as much paper as possible. When applications are received they are scanned into the ALMs program and remain there until deletion. Director Fleming to consult with DPS regarding their retention policy and if electronic records can replace hard copies. Will explore DPS policy and bring it back before the Board.

Legal review pending.

Gambling Control Board Policy #4; Reconciliation of Machine Meters: This policy describes the procedure for when machines fail to communicate with the central site monitoring system. This is currently being utilized and the Director would suggest keeping this policy pending changes to wording to reflect current procedure.

Motion to keep policy, Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Gambling Control Board Policy #5; Meeting Notification: This policy details who is notified about Board meetings and how it is done. This policy also describes how meeting minutes will be posted to the website. This does not accurately reflect current procedure, and notice requirements are covered by state statute.

Motion to repeal policy, Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Gambling Control Board Policy #6; Evacuation of Office Area in the Event of Fire Alarm: There is a building policy that is to be followed for evacuations. The Board wondered whether the policy was required by the building or the Department.

Motion to repeal policy, pending DPS/Building approval, Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Gambling Control Board Policy #7; Billing Information for Investigations: Currently billing for actual cost of investigation rather than billing upfront cost and having to reimburse funds if they are not used during the investigation. Board would like to continue billing after the investigation.

Motion to repeal policy, Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Gambling Control Board Policy #8; Reconciliation of Expired Tickets Amount: This policy is covered by a rule which is quoted in the policy. This falls under the rule category rather than a policy as it pertains to individuals/entities that the Board regulates.

Motion to repeal policy, Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Gambling Control Board Policy #9; Rounding Procedure of Racino Revenue: This policy explains how to handle a discrepancy in financials due to rounding. Wording should be changed from Racino to Casino.

Motion to update the policy as discussed, Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Surveillance Transfer: Hollywood Casino employee requested that a surveillance officer be permitted to change positions due to continuing his education. He is requesting to move to security so that he can continue to work at the casino, which requires Board approval.

Vote to approve position change, Joe Laliberte

Seconded: Barbara Dresser

Vote: Unanimous

Public Comment: Jose Flores presented highlights for Hollywood Casino. Hollywood Casino continues to foster good working relationships with city council, police, and fire. Hollywood Casino participated in Bark for Life which raised \$12,000.00 for the American Cancer Society. In July, their new restaurant, Celebrity Bar and Grill was opened. For the opening of Celebrity Bar and Grill, Hollywood Casino partnered with local police and fire departments in a charity event where \$1,500.00 was raised for Muscular Dystrophy and Special Olympics of Maine. In August, Hollywood Casino staff also participated in the ALS ice bucket challenge which raised a total of \$1,000.00. In September, the raceway partnered with EMMC in the walk to end Alzheimer's which raised \$3,000.00.

Meeting Adjourned: 10:38

Motion: to adjourn Tim Doyle

Second: Joe Laliberte

Vote: Unanimous

Next meeting is October 21, 2014 @9am

Respectfully submitted, Harley Murray, Office Assistant II